



COLORADO

**Department of
Regulatory Agencies**

Public Utilities Commission

NEWS RELEASE

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PUC grants Black Hills Energy \$3.1 million electric rate increase

DENVER — The Colorado Public Utilities Commission (PUC), a division of the Department of Regulatory Agencies (DORA), has approved an approximate \$3.1 million increase in Black Hills Energy electric base rates to cover investments in the company's generation and utility operations in Colorado. The new rates are expected to take effect on Dec. 27.

The increase is expected to add about \$2.11, or 2.0 percent, to average residential monthly bills. Bills for small commercial customers are expected to go up by \$7.10 a month, or 1.8 percent.

Based on a technical conference conducted today, the PUC finalized the results of deliberations held last week. At those deliberations, the Commissioners generally affirmed most of an administrative law judge's recommendations cutting the original proposed increase from \$7.1 million to \$3.9 million. The Commissioners also ordered additional revenue reductions in some areas, resulting in the final amount of slightly less than \$3.1 million.

Black Hills provides electric utility service to approximately 93,500 customers in 21 southeastern Colorado communities, including Pueblo, Canon City, Florence and Rocky Ford.

The PUC approved a 9.83 percent return on equity (ROE) for the utility, down from its previously authorized level of 9.9 percent. Black Hills had sought a 10.3 percent ROE. The ROE is the return that a utility is authorized to earn on its investment, in order to attract the capital needed to ensure safe and reliable service at reasonable cost for customers. The PUC sets a maximum ROE, but it is not guaranteed.

In addition to the increase in electric base rates, the PUC approved a new rate rider for cost recovery of investment made pursuant to the Clean Air Clean Jobs Act. The rider, expected to begin Jan. 1, 2015, will allow the company to earn a return on construction work in progress for a third gas-fired generating unit at the Pueblo Airport Generating Station (PAGS) to replace its Canon City coal plant that was closed as part of Clean Air Clean Jobs.

The rider is expected to add another \$0.40 per month to an average residential customer's bill, and \$1.89 per month to a small commercial bill, in addition to the changes to base rates.

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